

## Market Study ~~and Fair Market Appraisal~~ Requirements

### General Requirements

Market analysts contracted by applicants to perform market studies on rental housing tax credit developments must be experienced independent third parties with strong knowledge of Indiana affordable housing markets. Analysts cannot be members of the development team, nor have a financial interest in the development aside from compensation for market research services. The Authority will publish an approved list of market analysis firms from which applicants may choose a firm with which to work. Only these firms will be eligible to submit market studies with applications for rental housing tax credits. Annually, market analysis firms may apply to the Authority to be included on this listing. For more information on the application requirements, please refer to the application listed elsewhere in this schedule. ~~An independent, experienced third party professional market analyst specifically qualified in affordable rental market with no financial interest in the Development must perform all market studies with up-to-date demographic data on the market area no more than twelve months old with the source clearly defined including those Developments in the construction stage.~~ **All market studies must have been completed within twelve months prior to the application for funding.** Market studies must be included with the rental housing tax credit application. Market analysts must clearly define all sources for demographic data.. Applicants must submit one spiral bound hard copy and one copy on a compact disc (CD) in an Adobe Acrobat portable document format (pdf). Please use all efforts to make sure that the CD is virus-scanned prior to submission. Submissions via email are not acceptable, and include at a minimum:

### Executive Summary

Each market study must include a 1-3 page executive summary that includes the following:

- a) A brief description of the site and immediately surrounding area. The description must include the project's name, street address (if available), city, county, zip code, census tract number, latitude & longitude (for geocoding purposes) and whether the site is located in a qualified census tract.
- b) A brief summary of the project including the type of construction (new and/or rehabilitation), number of buildings, number and type of units, proposed rents and population served.
- c) A brief description of the market area.
- d) A statement of the analyst's assessment of market feasibility including the prospect for long-term performance of the property given housing, demographic trends, and economic factors. The statement must include an estimate of the demand for each unit type at the proposed start of lease-up through presentation of the penetration, absorption, and capture rates.
- e) A summary of strengths and/or weaknesses of the market and of the subject development that may impact the subject development's marketability and performance and circumstances that may lessen any negative attributes.
- f) A statement of recommendations and/or suggested modifications to the subject development.
- g) A summary of the competitive position of the subject development relative to existing and planned affordable housing developments in the market area.
- h) Provide the average vacancy rates at reported comps in the PMA; also, provide the average vacancy rate for rental housing tax credit projects within the PMA.



## Development Description

The market study must provide the following information in its description of the development:

- Color photos of the subject property.
- A detailed description of the location, including neighborhood, adjoining streets and major intersections, number of acres, site topography, visibility, proximity to adverse conditions and a site map which indicates adjacent land use and zoning
- Total proposed project units and total tax credit units by: number of bedrooms and baths, income limit as a percent of AMI, unit size in square feet, proposed rents and utility allowances for tenant paid utilities
- The type of construction, i.e. new construction and/or rehabilitation
- The type of structure, i.e. townhouse, duplex
- Number of parking spaces per unit
- Occupancy type (i.e. senior, special needs population, families)
- Description of the number of buildings, design, number of stories, unit and common amenities, site amenities and parking
- Negative attributes
- Identify the availability of water, sewer and heat source (i.e. gas or electric) utilities
- For projects proposing rehabilitation, the study must contain a description of the scope of work as detailed in the rental housing tax credit application. Also, the study must identify the current occupancy levels, operating expenses and rents being charged, proposed rents, presence of existing federal or municipal housing subsidy programs, i.e. Section 8, Section 202, Section 236, BMIR, etc
- Developer's projected dates for construction start and completion, and start of pre-leasing

## Market Area Description

Secondary market areas may not be used in describing the market. The analysis must be limited to the primary market area. The primary market area (PMA) is the most likely geographic area from which a property would draw its support. At a minimum, the PMA description must include the following:

- Census tract boundaries, municipal or town jurisdictions, neighborhood boundaries, and street or highway names. The analyst must explain and justify the rationale for selecting the boundaries of the PMA. The use of radii or zip codes to depict the boundaries of the market area is unacceptable.
- A scaled color map must depict the project location and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship, community centers, financial institutions, libraries, recreational facilities, and major employers within a one and one half mile radius of the subject site. A larger map should also provide a "panoramic view" of these amenities within the PMA and their distance to the site. In situations where it is not feasible to show all of the amenity categories on a map, the categories may be presented in the narrative of the market study.
- Color photos of the adjoining area or neighborhood.

## Market Area Economy

Market area economic data must include the following:



- Description of the employment by industry sector for the PMA or smallest geographic area available that includes the PMA and compare the data to the larger geographic area, i.e. city, county, MSA, or labor market area. Provide numbers and percentages.
- A list of major employers in the PMA and anticipated expansions, contractions in their workforces, as well as newly proposed employers and their anticipated effect on the local economy.
- Employment and unemployment trends for the PMA; also, the county-total workforce figures in numbers and percentages.
- Based on the data, provide analysis and conclusions on the overall economic status of the market area and how the proposed development would be affected.
- Data sources such as U.S. Census Bureau, Bureau of Labor Statistics, Claritas, ESRI, may be used in compiling the data. Explain any inconsistencies in the data between data sources used.

### **Demographic Data**

In presenting demographic data, i.e. population and household trends, for the market area the analyst must use data sources such as U.S. Census Bureau, Claritas, ESRI, or other reputable information repositories. Include data on population and household trends from 2000 to 2007 projected to 2012. If there are inconsistencies between data sources, then the analyst must reconcile them and provide the justification for the figures and projections that are presented. Likewise, the analyst must provide and support all assumptions made in analyzing and presenting the data. The data must be expressed in number and percentage form. The analyst is required to discuss the data in a narrative format that highlights major changes and offers conclusions. The following aspects must be included in the presentation of demographic data:

- Total population for the PMA
- Population by age group
- Number of senior and non-senior households (senior developments only)
- Total number of households by tenure, income, average household size, and group quarters. With senior development proposals, also designate by senior owners and senior renters. Senior proposals should reflect the income distribution of senior households only.
- Income by \$5,000 or \$10,000 increments. Be consistent.
- Renter households by number of persons in the household.

### **Demand Analysis**

The sum of demand from components a & b below will constitute total demand.

- a) Demand from New Renter Households: The analyst may determine new units in the PMA based on projected renter household growth. This must be determined by using the current base year, 2007 through 2012.

The population projected must be limited to the age and income cohort. The demand for each income group (i.e. 50% of area median income (AMI)) targeted must be shown separately. Proposed developments targeting senior households must present data for two separate demand calculations: age 55 and older and age 65 and older. In instances three and four bedroom units comprise 20% or greater of total units, the analyst must include analysis of the number of large households.

- b) Demand from Existing Households:



- Rent-over burdened households, if any, within the age group, income cohorts and tenure (renters) targeted for the proposed development; The analysis should assume rent-overburdened households are paying greater than 35% (family) or 40% (senior) of their income towards gross rent.
- Households living in substandard housing units; adjust for age, income bands, and tenure as applicable. The analyst must use conservative estimates as to the demand from households that are both overburdened and living in substandard housing.
- Income eligible senior homeowners likely to convert to rentership. Analysts must provide a narrative of the steps taken in arriving at the demand figure. Analysts are encouraged to be conservative in this regard.

The analyst must provide a detailed analysis of the income levels of the potential tenants for the proposed units. Also, the analyst must:

- Provide all of the assumptions in how demand is determined, including the minimum and maximum income range for each targeted group, so that the analysis is transparent and can be duplicated. The sources for determining demand may be from U.S. Census Bureau, Claritas, ESRI, or any other reputable source
- **Use a rent burden of up to 35% of their income for family households and up to 40% for senior households**
- Define and justify the absorption period and absorption rate for the proposed development to reach 95% occupancy
- Analysts are required to use net demand in calculating capture rates and the absorption period. Net demand should be determined by subtracting the supply of comparable units in the PMA, completed or pipeline (vacant or occupied) from total demand. Vacancies in developments placed in service which have not yet reached stabilized occupancy (95%) must also be included in supply.
- Calculate the capture rate for each income target group and bedroom size in the proposed development. The capture rate is calculated by dividing the number of units in the proposed development by net demand in the PMA.
- Calculate the penetration rate for the PMA. The penetration rate is the percentage of age and income qualified households in the PMA that all existing and proposed affordable properties to be completed within six months of the proposed development, and which are competitively priced to the subject that must be captured to achieve the stabilized level of occupancy (95%)
- Derive a market rent and an achievable rent schedule and then compare it to the applicant's proposed rent
- Provide two demand calculations for developments proposing Section 8 project-based rental assistance. Analysts are required to use demand calculations with or without rental assistance. Likewise, for developments proposing assistance through Rural Development, there must be two demand calculations with and without rental assistance.
- For developments with market rate units, the analyst must make some reasonable determination of a maximum income level beyond which a household would not likely be a participant in the rental market. The analyst must clearly state the assumptions used in making this determination.



Demand, Supply, Net Demand, and Total Absorption Period should be indicated in the following formats:

	Up to 30% (min. income to max. income)	Up to 40% (min. income to max. income)	Up to 50% (min. income to max. income)	Up to 60% (min. income to max. income)	Market Rate (min. income to max. income)
<u>Income Restrictions</u>					
<u>New Rental Households</u>					
<u>Plus</u>					
<u>Existing Households-Rent Overburdened</u>					
<u>Plus</u>					
<u>Existing Households-Substandard Housing</u>					
<u>Plus</u>					
<u>Senior Homeowners Likely to Convert to Rentership</u>					
<u>Equals</u>					
<b><u>Total Demand</u></b>					
<u>Minus</u>					
<u>Supply (includes directly comparable units completed or in pipeline in the PMA, vacant or occupied)</u>					
<u>Equals</u>					
<b><u>Net Demand</u></b>					
<b><u>Total Absorption Period</u></b>					

Bedrooms	Total Demand	Supply	Net Demand	Units Proposed	Capture Rate
1 Bedroom at % AMI					
2 Bedroom at % AMI					
3 Bedroom at % AMI					
4 Bedroom at % AMI					

### **Supply Analysis**

The analyst must provide the following in the analysis of comparable multi-family properties in the PMA to adequately describe current market conditions. Data should be presented in a chart or table as well as in a narrative, as needed:



- A survey of all existing, proposed, and under construction rental housing tax credit, subsidized, and market rate multi-family properties that would likely compete with the proposed development; federal and state assistance to the development should be noted
- Color Photographs
- Name, location, population served, type of design, age and condition, number of units by bedroom type, rent levels, number of bedrooms and baths for each unit type, size in square footage of units, kitchen equipment, type of utilities (state whether tenant or owner paid and energy sources for hot water, heat and cooking), unit and site amenities included, site staffing, occupancy rate, absorption history (if recently completed), name, address, and telephone number of property contact, color photos of each comparable property and color map showing the location of each property in relation to the proposed development
- In cases of rehabilitation of an existing property, the analyst must discuss how the development's marketability and competitiveness in comparison to similar existing or planned multifamily properties
- In the case of proposed rural projects where a sufficient number of comparables do not exist in the PMA, data on at least three developments in adjacent markets with similar characteristics must be included in the market analysis. Also, in rural areas lacking sufficient three or four bedroom rental comparables, provide data on three and four bedroom single family rentals, or provide information on rental trailer homes and single family homes in an attempt to identify where potential tenants are currently living
- The market vacancy rate for the PMA rental housing stock by population served and type of occupancy and unit size
- Identify the number of people on waiting lists for each development
- Discuss the availability of affordable housing options, including purchase of homes
- Family and senior developments should not be considered as competitive with each other. Analyst must provide strong justification in the market study if s/he proposes such.

### **Conclusions and Recommendations:**

The analyst must provide a candid conclusion of the development's market feasibility indicating the challenges or successes that the development is projected to face.

### **Market Study Analyst Statement of Experience:**

The study must contain the preparer's resume and statement of experience.

### **Market Study Checklist:**

The study must contain a completed Market Study Checklist. The Checklist can be found at the end of this schedule.

### **Signed Statement Requirements:**



The signed statement must include the following language:

I affirm that I have made a physical inspection of the site and market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation in this statement may result in the denial of participation in the rental housing tax credit program in Indiana as administered by the Indiana Housing and Community Development Authority. I also affirm that neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity. Finally, I affirm that compensation for my services is not contingent upon this development receiving a reservation or allocation of tax credits.

\_\_\_\_\_  
Market Analyst

\_\_\_\_\_  
Date



## **Preferred Market Study Analysts Instructions and Application**

The Indiana Housing and Community Development Authority is seeking experienced professionals to conduct third-party market study reports for housing funding applications. The reports are to provide the professional's opinion of the market for affordable rental housing in a market area. Beginning with 2007 program year, IHCDA will only accept market study reports from companies included on the IHCDA Preferred Market Study Provider List. This list will be used for rental housing tax credit developments and multifamily bond programs. Applicants who are seeking funding for either of these programs must contract directly with a provider on the preferred list to obtain a required market study. The initial list will be available on page three of this application. An updated list will be available on the IHCDA web site.

In order to be placed on the preferred list, interested persons or firms must submit a complete application package at least 60 days prior to the date on which the application for IHCDA funding will be submitted. IHCDA staff will review the application package and notify the applicants of the results of their review within 15 days of the receipt of the application package. Applications will be judged by the individual's experience, capacity, and knowledge of IHCDA and national standards. Applications will be accepted on a rolling basis throughout the calendar year.

If placed on the preferred list, the market study provider will remain on the list for three years. After such time, the provider will need to re-apply to IHCDA to be put back on the list. IHCDA reserves the right to remove a provider from the list at any time due to the failure of adhere to IHCDA market study requirements as outlined in program guidelines or other actions deemed by IHCDA to be harmful to the program or applicants.

A complete application package must consist of the following:

1. Completed application form.
2. A list of applications to IHCDA from the past 2 years that included a market study prepared by your firm or if no previous experience, a sample market study for a proposed rental housing tax credit development.
3. A resume (no more than 5 pages) outlining staff capacity, education, experience, and credentials.

Submit complete application packages to:

Indiana Housing and Community Development Authority  
Tax Credit Allocations  
RE: Preferred Market Study List Application  
30 S. Meridian Street, Suite 1000  
Indianapolis, IN 46204





**APPLICATION FORM – Preferred Market Study Provider List**  
**Indiana Housing and Community Development Authority**

1. Provider Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Email: \_\_\_\_\_
2. Years of experience conducting market studies: \_\_\_\_\_ Years
3. Have you submitted a market study to the IHCDA in the past? Yes No
4. Do you belong to the National Council of Affordable Housing Market Analysts? Yes No
5. References:
- a. Name: \_\_\_\_\_  
Company: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Email: \_\_\_\_\_
- b. Name: \_\_\_\_\_  
Company: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Email: \_\_\_\_\_
6. I certify to the best of my knowledge that the information provided is true and complete. I also understand that to remain on IHCDA's list of approved market study providers, I must adhere to IHCDA's market study requirements as contained in the program guidelines and agree to remain informed of program updates and IHCDA statewide rental studies.
- Name: \_\_\_\_\_
- Title: \_\_\_\_\_
- Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**IHCDA USE ONLY - DATE RECEIVED: \_\_\_\_\_**



## MARKET STUDY CHECKLIST

<u>STANDARD</u>	<u>INCLUDED (Yes or No)</u>	<u>PAGE</u>
<u>Resume for market professional with demonstrable experience in Indiana affordable housing markets</u>	_____	_____
<u>Executive Summary</u>	_____	_____
<u>Development Description</u>	_____	_____
<u>Site Map with adjacent land uses and zoning</u>	_____	_____
<u>Color photos of site</u>	_____	_____
<u>Type of construction, type of structure, number of buildings, number of units, amenities, number of bedrooms and baths, etc.</u>	_____	_____
<u>Utility availability</u>	_____	_____
<u>Negative attributes</u>	_____	_____
<u>Scope of Rehabilitation, if applicable</u>	_____	_____
<u>Identification of federal or local housing subsidy programs on site</u>	_____	_____
<u>Projected construction start, completion and start of pre-leasing</u>	_____	_____
<u>Market Area Description</u>	_____	_____
<u>Boundaries of primary market area (PMA)</u>	_____	_____
<u>Scaled color map of shopping, medical services, public transportation, employment, financial institutions, libraries, schools, community centers within one and one half mile radius of site</u>	_____	_____
<u>Scaled color map of PMA</u>	_____	_____
<u>Color photos of immediate surrounding area or neighborhood</u>	_____	_____
<u>Market Area Economy</u>	_____	_____
<u>Description of the employment by industry sector for PMA</u>	_____	_____
<u>List of major employers in PMA</u>	_____	_____
<u>Employment and unemployment trends for PMA; County total workforce figures in numbers and percentages</u>	_____	_____
<u>Analysis and conclusions on economic status of PMA</u>	_____	_____
<u>Identification of data sources used to compile statistics</u>	_____	_____
<u>Demographic Data</u>	_____	_____
<u>Total population for PMA</u>	_____	_____
<u>Population by age group</u>	_____	_____
<u>Number of senior and non-senior households, if applicable</u>	_____	_____
<u>Total number of households by tenure, income, average household size, and group quarters.</u>	_____	_____
<u>Renter households by number of persons in the household</u>	_____	_____
<u>Demand Analysis</u>	_____	_____
<u>Projection of total demand from demand for new renter households &amp; demand from existing households, as described in Schedule C of QAP</u>	_____	_____
<u>Minimum and maximum income ranges for each targeted group</u>	_____	_____
<u>Definition of absorption period and rate to reach 95% occupancy</u>	_____	_____



<a href="#">Presentation of net demand in narrative, chart, and/or tabular format</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Calculation of capture rate for each income target group and bedroom size</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Calculation of penetration rate for the PMA</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Comparison of market rents and rents at proposed development</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Demand calculations with rental assistance and without rental assistance, if applicable</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Demand calculations with rental assistance and without rental assistance, if applicable</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Likely maximum income level beyond which a household would not participate in rental market.</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Assumptions for demand analysis</a>	<a href="#">_____</a>	<a href="#">_____</a>
<b><a href="#">Supply Analysis</a></b>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Name, address, age and condition, population served</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Type of federal and/or municipal subsidies, if applicable</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Presence of site staffing</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Number of units by bedroom type, number of bathrooms for each unit type, square footage of units</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Rents by number of bedrooms and baths, and square footage</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Unit and site amenities relative to subject property</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Type of utilities</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Occupancy rates of each property</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Absorption history of each property (if recently completed)</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Color photographs of comparable properties</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Color map depicting location of each property relative to subject property</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Market vacancy rate for PMA rental stock by population and type of occupancy and unit size</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Number of people on waiting lists for each property</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Discussion of availability of other affordable housing options</a>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">In rural areas, data on developments in adjacent markets with similar characteristics, if properties are not available in PMA</a>	<a href="#">_____</a>	<a href="#">_____</a>
<b><a href="#">Conclusions and Recommendations</a></b>	<a href="#">_____</a>	<a href="#">_____</a>
<a href="#">Candid conclusion about the subject property's feasibility in the market.</a>	<a href="#">_____</a>	<a href="#">_____</a>

#### ACKNOWLEDGMENT OF MARKET ANALYST

\_\_\_\_\_ **Market Study Analyst**

\_\_\_\_\_ Signature: \_\_\_\_\_



\_\_\_\_\_  
Printed Name:

\_\_\_\_\_  
Title (if applicable):

STATE OF INDIANA

\_\_\_\_\_) SS:

COUNTY OF \_\_\_\_\_)

Before me, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, [the \_\_\_\_\_ of \_\_\_\_\_ ("Market Analyst")], and, being duly sworn, acknowledged the execution of the foregoing agreement was his (her) voluntary act and deed [on behalf of Owner], and stated that any representations contained therein were true and correct.

Witness my hand and Notarial Seal this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

County of Residence: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Printed Name

\_\_\_\_\_



- ☐ Be completed by a competent market professional with demonstrable experience in Indiana affordable housing markets. A resume outlining professional qualifications and specific competence must be included;
- ~~A one page executive summary that includes the penetration rate, absorption rate, adverse impacts on existing housing developments, recommendations, and conclusion of the market;~~
- ☐ The executive summary must also include language that supports the location of the Development is in an area suitable for the proposed Development and is not now, nor is it likely in the future to become, subject to uses or determinations, which could adversely affect its operation;
- ☐ The date and name of the Market Analyst who conducted the physical site visit;
- ☐ Include a completed and signed Market Study Checklist (Form B);
- ☐ Source(s) for all information provided, including any assumptions, estimates, projections and models used in analysis;
- ☐ Occupancy type (i.e. elderly~~senior~~, special needs population, families);
- ☐ Description of proposed site, including the street(s) which will provide access to the site, evaluate the location of the site in terms of its visibility and marketability, adjacent land uses (note possible environmental concerns and objectable adjacent land use), evaluate the appropriateness of the development within the neighborhood;
- ☐ Describe and evaluate the following site improvements:
  - ☐ Number of buildings, stories, and type
  - ☐ Development amenities proposed
  - ☐ Construction type of the buildings (brick, vinyl, sided, concrete, etc)
  - ☐ Number of parking and type of parking spaces proposed
  - ☐ Number of units per acre
  - ☐ Any other separate structures located at the development (maintenance shed, separate clubhouses, etc.)
- ☐ Describe the developments unit types, number of units, square footage, and proposed rents for both market rate and affordable units. Describe if the proposed rents include tenant or owner paid utilities;
- ☐ Provide a map of the site area that shows clearly where the public and private facilities (both desirable and undesirable) are in relation to the Development.
- Provide color photographs of the site and existing structures from all significant perspectives and all significant nearby land uses;
- ☐ Market Analyst is required to review all plans and specs of the proposed development;
- ☐ Evaluate the appropriateness of the proposed unit mix, unit size, rents and amenities for the market and the occupancy type;
- ☐ Identify the availability of water, sewer and heat source (i.e. gas or electric) utilities;
- ☐ Competitive Rental Market (must provide Development name, age of Development, number of units, current occupancy, vacancy rate, square footage for comparable units, current rent for comparable units, amenities etc.);
- ☐ Define the geographic effective market area (both primary and secondary) and describe how the market was determined;
- ☐ Give a demographic description of the census tract if any in which the Development will be located;
- ☐ Give a demographic description of the potential tenants and the market area;
- ☐ Identify the number of special needs households residing in target area (if applicable);
- ☐ Major current employers;

- ☐ Unemployment trends;
- ☐ Define the housing needs for a development targeting the proposed occupancy type (i.e. special needs, elderly, senior, family, multifamily);
- ☐ Explain how the Development addresses these housing needs;
- ☐ Identify all other housing Developments located in the market area including number of RHFC units, the average occupancy rate, and provide an average rent and rent range by unit size for these Developments. Must include RHFC Developments both operating and not yet placed in service (under construction). Must include market rate Developments as well;
- ☐ Identify future housing demand and potential housing supply;
- ☐ Analysis of households sizes and types;
- ☐ Estimates of affordable rents for low and moderate income populations;
- ☐ Calculate the penetration rate for each income level and the overall development. Thoroughly explain the methodology used and any benchmark figures utilized. Indicate if the penetration rates are acceptable and why;
- ☐ Project the absorption rate including the time required to reach 95% occupancy. Indicate if the absorption rate is acceptable and why;
- ☐ Analysis of available operating expenses and turnover rates of comparable properties in the market area;
- ☐ Project operating funds and expenses and identify the sources used to determine these projections;
- ☐ Evaluate the impact on other affordable and market rate housing. Discuss if the proposed development will have an adverse impact to the market and financial health of existing IHCDAs, non-IHCDAs, and market rate developments. Provide attributing factors for your conclusion;
- ☐ Provide a conclusion identifying the strengths and weaknesses of the proposed development;
- ☐ Provide a recommendation regarding whether to accept the development as propose, accept the development with changes or decline the development. Be thorough in explaining the recommended changes and provide justification for declining a development.

Sufficient demand in the market area of the Development must exist and, based on reasonable predictions, will continue to exist during the term of the compliance period or other applicable period, for the number of units to be developed.

The fair market appraisal must be at a minimum an “As Is” appraisal and must be in compliance with the summary report for USPAP standards. USPAP standards can be found at [www.appraisalfoundation.org](http://www.appraisalfoundation.org)

The market study must be addressed directly to IHCDAs from the third party preparing the market study with a sworn statement from the person who prepared the study certifying to IHCDAs the accuracy of the data reported in the study.

Two (2) copies of the market study must be received by IHCDAs by the application deadline and must state the name of the Development, the Owner, Development City, and Development County on the front cover.



~~Upon receipt of the market study IHCD will submit the market study to a reputable independent market analysis professional for an independent review of the market study. IHCD reserves the right to accept or decline the corresponding tax credit application from further review based on the recommendations of the independent market analysis professional.~~

~~NOTE: The market analysis firm performing the IHCD independent review of the market studies (as mentioned above) will not be permitted to perform or submit market studies for a Development submitting a 2006 IHCD funding application.~~

~~The market study must adequately address all of the issues outlined below in order to be considered satisfactory by the IHCD. Any relationship between the preparer and the development sponsor must be disclosed, and the preparer may not have any interest in the development or relationship with the ownership entity. The study must also contain the preparer's resume or statement of experience. Finally, all data sources used in the report must be included in the appendix.~~

~~A market study must provide the following information in the order and format below:~~

~~A. Development Description~~

- ~~1. Physical description of the site, number of buildings, and adjacent parcels including a description of the condition of the site and neighborhood housing.~~
- ~~2. Site proximity to employment, public transportation, major roadways, schools, shopping, recreation, medical services, applicable special-needs services.~~
- ~~3. Use the table to outline a description of the proposed unit mix development. List amenities separately.~~

~~Development Data~~

<del>Maximum % of AMI</del>	<del>Bedroom Sizes</del>	<del>Number of Unit s</del>	<del>Utility All ow an ce</del>	<del>Application Rent</del>	<del>Proposed Hous ing Cost =Rent +UA</del>	<del>Unit S q u a r e  F o o t a g e</del>	<del>Rent/S Fe t</del>



--	--	--	--	--	--	--	--	--

## B. Demographic Data

Age Groups	Population

Year			
Households			

Year			
Households			

Minimum Allowable Income for the Development	Maximum Allowable Income for the Development

**What is the average annual unemployment rate for the past five (5) years from the Bureau of Labor and Statistics?**

~~1. Description and occupancy levels of existing comparable multifamily developments, multifamily developments currently under development, and multifamily developments slated to begin construction within the year in the defined market study area of the proposed development. Federally or state-assisted developments should be identified in this breakdown. If the proposed development is a family development, market-area elderlysenior developments may not necessarily be~~



~~competitive with family units, and therefore do not have to be considered at the discretion of the market study preparer. Conversely, if the proposed development is elderlysenior, market area family units do not have to be considered. ElderlySenior should be considered as 65 and over. (For units with multiple floor plans and/or rents for each bedroom size, calculate the average for each data category below.)~~

Development Name	Location	Bedroom Size	Number of Units	Utility Allowance	Proposed Housing Cost=Rent+Utility Allowance	Unit Size	Vacancy Rate	Distance from Subject

#### ~~D.Development-Specific Demand within Primary Market Area.~~

~~1.The study should project a capture rate for the proposed development. This rate indicates the percentage of market share the development would need to capture.~~

~~The capture rate is to be calculated using net growth in the area. Please state your assumption used to determine your capture rate.~~

~~Capture Rate = %~~

#### ~~2.Development Absorption Information~~

~~i.Estimate the number of months required for rent-up period.~~

~~ii.Calculate the Absorption Rate~~

~~iii.Proposed Units/(absorption/month) = Absorption Rate~~

~~E.Conclusion and Recommendation by Market Analyst. Write a brief conclusion of the viability of the development, including rent recommendations.~~

#### ~~F.Signed Statement Requirements~~

~~1.The signed statement must include the following language:~~

~~I affirm that I, or an individual under contract to my company, have made a physical inspection of the market area and that information has been used in the full study of the need and demand for new rental units. I understand that any misrepresentation of this statement may result in the denial of further participation with the Indiana Housing Finance Authority's rental housing program. I also affirm that I have no interest in the development or relationship with the ownership entity.~~



\_\_\_\_\_  
**Market Analyst**

\_\_\_\_\_  
**Date**

